

Message Text

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15

ACTION EB-07

INFO OCT-01 EA-07 ISO-00 NEA-10 IO-13 L-03 H-02 PA-01

PRS-01 AID-05 CIAE-00 COME-00 FRB-03 INR-07 NSAE-00

USIA-06 XMB-02 OPIC-03 SP-02 CIEP-01 LAB-04 SIL-01

OMB-01 NSC-05 SS-15 STR-04 CEA-01 /105 W

----- 072961

R 120140Z MAY 76

FM AMEMBASSY SINGAPORE

TO SECSTATE WASHDC 5282

AMEMBASSY MANILA

TREASURY DEPARTMENT

INFO AMCONSUL HONG KONG

LIMITED OFFICIAL USE SINGAPORE 2359

MANILA FOR ADB

HONG KONG FOR TREASURY: SHARPE

E.O. 11652: N/A

TAGS: EAID, EFIN, SN

SUBJECT: U.S. APPROVAL OF FUTURE ADB LOANS TO SINGAPORE

REF: A) TREASURY 76-45, B) MANILA 5191.

1. REFTELS SET FORTH AN APPARENT HARDENING OF USG POLICY TOWARD ADB LOANS TO HONG KONG AND SINGAPORE, TO WIT: "THE USG WOULD HAVE DIFFICULTY APPROVING FURTHER LOANS IN FORESEEABLE FUTURE."

2. U.S. HAS ALREADY INCURRED SOME DISPLEASURE HERE FOR INSISTING ON THE HIGHER INTEREST RATE: IT WOULD BE REGRETTABLE IF WE SHOULD NOW BE SEEN AS THE PARTY CLOSING THE DOOR ON FUTURE ADB LENDING TO SINGAPORE.

3. GOS OFFICIALS HAVE ON SEVERAL RECENT
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OCCASIONS INDICATED TO EMBOFF A GOS INTEREST IN ADB

FINANCING FOR LARGE FUTURE PROJECTS, EG., MASS RAPID TRANSIT AND AIRPORT. IN THE EVENT GOS APPLIES FOR AND IS TURNED DOWN ON FUTURE ADB LOANS, EMBASSY MAY BE CALLED UPON BY GOS TO PROVIDE CLARIFICATION OF AND RATIONALE FOR APPARENT USG HARDENING OF POSTURE ON ADB LOANS TO SINGAPORE.

4. FOR THEIR PART, GOS OFFICIALS MIGHT WELL MAKE THE FOLLOWING POINTS IN FAVOR OF CONTINUED ACCESS TO ADB FUNDING:

5. FUTURE GOS BORROWING FROM THE ADB WOULD BE FOR INFRASTRUCTURE ESSENTIAL TO THE DEVELOPMENT OF SINGAPORE AND OF BENEFIT TO ALL ITS PEOPLE.

6. WHILE SINGAPORE ECONOMY HAS DONE WELL IN RECENT YEARS, PRESENT OUTLOOK IS NOT SO BRIGHT.

7. SINGAPORE CAN MANAGE ADB FUNDS EFFICIENTLY, AND GET RESULTS.

8. AS ADB NOW IS LENDING TO SINGAPORE AT OVER COMMERCIAL BANK RATE (9 1/2 PERCENT), LOANS TO SINGAPORE WILL NOT REDUCE ADB LENDING CAPACITY.

9. ACTION REQUESTED: WOULD APPRECIATE ADDRESSES COMMENTING ON PRECISELY WHAT IS USG POLICY NOW IN REGARD TO ADB FUNDS FOR SINGAPORE. ARE THERE CIRCUMSTANCES OR CONDITIONS UNDER WHICH USG MIGHT GO ALONG WITH FUTURE LOANS? WOULD APPRECIATE ANY ADDITIONAL GUIDANCE, BACKGROUND, OR COMMENT THIS MATTER.
HOLDRIDGE

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Message Attributes

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Concepts: POLICIES, LOANS, DEVELOPMENT BANKS
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Copy: SINGLE
Draft Date: 12 MAY 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: KelleyW0
Disposition Case Number: n/a
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Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Previous Handling Restrictions: n/a
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Margaret P. Grafeld
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